



## **POSTAL REGULATORY COMMISSION**

**[Docket No. MT2020-2; Order No. 5830]**

### **Market Test of Experimental Product**

**AGENCY:** Postal Regulatory Commission.

**ACTION:** Notice.

**SUMMARY:** The Commission is noticing a recently filed Postal Service request for exemption from annual revenue limitation for Market Test of Experimental Product-Extended Mail Forwarding. This notice informs the public of the filing, invites public comment, and takes other administrative steps.

**DATES:** *Comments are due:* February 10, 2021

**ADDRESSES:** Submit comments electronically via the Commission's Filing Online system at <http://www.prc.gov>. Those who cannot submit comments electronically should contact the person identified in the **FOR FURTHER INFORMATION CONTACT** section by telephone for advice on filing alternatives.

**FOR FURTHER INFORMATION CONTACT:** David A. Trissell, General Counsel, at 202-789-6820.

### **SUPPLEMENTARY INFORMATION:**

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- I. Introduction**

On January 29, 2021, the Postal Service filed a request, pursuant to 39 U.S.C. 3641(e)(2), for an exemption from the \$10 million annual revenue

limitation for the Extended Mail Forwarding market test.<sup>1</sup> The Commission authorized the market test to begin on August 1, 2020, and to proceed until expiration on August 1, 2022.<sup>2</sup>

## **II. Background**

The Postal Service states that “Extended Mail Forwarding is a customer-focused service that ensures customers receive mailpieces for which they are the intended recipient after they change addresses.” Request at 2. The purpose of the service is to allow “[i]ndividuals, families, and businesses exercise greater control over their mail forwarding expiration dates to better fit their needs, providing more time to communicate with their mailing contacts and update their information.” *Id.* The Postal Service states that it “initially introduced its test of Extended Mail Forwarding in nine postal districts: Alabama, Dakotas, Dallas, Northern New Jersey, Northland, Ohio Valley, Sacramento, San Diego, and Santa Ana. Given the strong results in those districts, on October 1, 2020, the Postal Service expanded the geographic scope of the market test nationwide, following its notice to the Commission on September 18, 2020.”<sup>3</sup>

Total revenues anticipated or received by the Postal Service from the Extended Mail Forwarding market test must not exceed \$10 million, as adjusted for inflation, in any year unless the Commission exempts the market test from that limit.<sup>4</sup> If the Commission grants an exemption, total revenues anticipated or

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<sup>1</sup> See United States Postal Service Request for Exemption from Dollar Amount Limitation, January 29, 2021 (Request).

<sup>2</sup> Order Authorizing Extended Mail Forwarding Market Test, July 20, 2020, at 2 (Order No. 5591).

<sup>3</sup> *Id.* at 1, See United States Postal Service Notice of Material Change to Market Test, September 18, 2020.

<sup>4</sup> See 39 U.S.C. 3641(e). The \$10 million annual limitation is adjusted by the change in the consumer price index for all urban consumers (CPI-U). *Id.* 3641(g). See also, 39 CFR 3045.15. The Commission rules provide the formula for adjusting the annual limitation, and the

received by the Postal Service from Extended Mail Forwarding may not exceed \$50 million in any year, adjusted for inflation. 39 U.S.C. 3641(e)(2), (g). The Postal Service states that “it expects the market test to exceed the dollar limitation in the present quarter.” Request at 4.

The Commission’s regulations require the Postal Service to file cost and revenue information with its request for exemption. 39 CFR 3045.16(f). The Postal Service has submitted actual and expected costs and revenue for the market test. Request at 3. The Postal Service states that at the close of FY 2020, Quarter 4, the Extended Mail Forwarding market test, then limited to nine postal districts, received \$655,352.<sup>5</sup> The Postal Service states that at the close of FY 2021, Quarter 1, the Extended Mail Forwarding market test, then expanded to a nationwide scope, received \$7,958,925.30, as shown in the quarterly data report filed with the Commission. Request at 3. The Postal Service states that the Quarterly Report for FY 2021, Quarter 1, indicates combined development and attributable costs for the market test through December 31, 2020 were \$504,897.65. *Id.*

The Postal Service is required to estimate the anticipated additional revenue for each fiscal year remaining on the market test. The Postal Service states that if market trends and customer adoption metrics reflected in the FY 2021 Quarter 1 data collection report continue through FY 2021, the Postal Service anticipates that it will collect \$31.8 million during FY 2021, well below the applicable \$60,139,860 annual limit if the exception request is granted. *Id.* The Postal Service expects a similar result for FY 2022, but the test is expected to

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Commission publishes the resulting annual limitation on its website, [www.prc.gov](http://www.prc.gov), under the reference section in the document titled “CPI Figures.”

<sup>5</sup> Request at 3; see Letter to Secretary Erica A. Barker Providing Extended Mail Forwarding Data Collection Report for FY 2020, Quarter 4, November 10, 2020.

run only through the third quarter of FY 2022, so that yearly revenue for FY 2022 is expected to be approximately one-fourth less than for FY 2021, unless customer adoption increases. *Id.*

The Commission shall approve the request for exemption if it determines that: (1) the product is likely to benefit the public and meet an expected demand; (2) the product is likely to contribute to the financial stability of the Postal Service; and (3) the product is unlikely to result in unfair or otherwise inappropriate competition. 39 U.S.C. 3641(e)(2). In its Request, the Postal Service discusses how the Extended Mail Forwarding market test benefits the public and meets an expected demand, contributes to the Postal Service's financial stability, and is unlikely to result in unfair or inappropriate competition. Request at 2.

The Commission rules require exemption requests to be filed 45 days in advance of the date the Postal Service expects to exceed the limit. *Id.* at 4. The Postal Service states that it received higher than expected results from Quarter 1 of FY 2021 and has proceeded expeditiously after receiving those results. *Id.*

### **III. Commission Action**

The Commission invites comments on whether the Request complies with applicable statutory and regulatory requirements, including 39 U.S.C. 3641, 39 CFR part 3045, and Order No. 5591. Comments are due no later than February 10, 2021. The public portions of these filings can be accessed via the Commission's website (<http://www.prc.gov>).

39 U.S.C. 505 requires the Commission to designate an officer of the Commission to represent the interests of the general public in all public proceedings (Public Representative). The Commission previously appointed Richard A. Oliver to serve as the Public Representative in this proceeding. He remains appointed to serve as the Public Representative.

#### **IV. Ordering Paragraphs**

*It is ordered:*

1. The Commission invites comments on the United States Postal Service Request for Exemption from Dollar Amount Limitation on Market Test of Experimental Product-Extended Mail Forwarding, filed January 29, 2021.

2. Pursuant to 39 U.S.C. 505, Richard A. Oliver remains appointed to serve as the Public Representative in this proceeding.

3. Comments by interested persons are due no later than February 10, 2021.

4. The Secretary shall arrange for publication of this Order in the **Federal Register**.

By the Commission.

**Erica A. Barker,**

*Secretary.*

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